

## LEND-LEASE SETTLEMENT

*Memorandum of arrangement, with annexes, signed for the United States, the United Kingdom, and the Netherlands at Washington May 28, 1947*

*Entered into force May 28, 1947*

61 Stat. 3951; Treaties and Other  
International Acts Series 1750

### MEMORANDUM OF ARRANGEMENT BETWEEN THE UNITED STATES OF AMERICA, THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND AND THE KINGDOM OF THE NETHERLANDS

Memorandum of Arrangement between the Government of the United States of America (hereinafter referred to as the United States Government), of the one part, the Government of the United Kingdom of Great Britain and Northern Ireland (hereinafter referred to as the United Kingdom Government), represented by the Minister of Transport, of the second part, and the Government of the Kingdom of the Netherlands (hereinafter referred to as the Netherlands Government), of the third part.

1. As used in this Memorandum:

A. The term "June 5 Memorandum" means the "Memorandum of Arrangement Regarding Netherland East Indies Shipping. 5th June, 1942.", and the amendments thereto, between the United Kingdom Government and the Netherlands Government.

B. The term "Dollar Agreement" means the "Memorandum of Agreement for Payment of Hire on Netherlands Vessels Chartered to the British Minister of War Transport under the Memorandum of June 5th, 1942, as amended", dated as of June 5, 1942, between the United States Government and the United Kingdom Government.

C. The term "7(c) ships" means the ships listed in Annex A hereto.

D. The term "7(c) period" means, in the case of each 7(c) ship, the period commencing the date, on or about May 23, 1945, on which the ship became subject either to the exchange of notes between the Netherlands Embassy at Washington and the United States Department of State, dated June 6, 1945 and July 31, 1945, or to the exchange of notes between the Netherlands Embassy at London and the British Foreign Office, dated June 9,

1945 and August 11, 1945, and ending on the date of redelivery to the Netherlands Government or March 2, 1946, whichever was the earlier.

2. The three Governments have discussed certain claims regarding dollar overpayments of charter hire by the United Kingdom Government to the Netherlands Government under the June 5 Memorandum, corresponding overpayments by the United States Government to the United Kingdom Government under the Dollar Agreement, and adjustments of charter hire under the June 5 Memorandum. Annexes A, B, C, D, and E hereto are copies of letters exchanged between the three Governments in these connections. This Memorandum is executed to carry out the intentions expressed by the three Governments in those letters.

3. The United States Government hereby waives all its claims against the United Kingdom Government respecting overpayments by the United States Government to the United Kingdom Government under the Dollar Agreement arising from the removal of the 7 (c) ships during the 7 (c) period from the operation of the June 5 Memorandum.

4. The United Kingdom Government hereby waives all its claims against the Netherlands Government respecting dollar overpayments of charter hire by the United Kingdom Government to the Netherlands Government under the June 5 Memorandum arising from the removal of the 7 (c) ships during the 7 (c) period from the operation of the June 5 Memorandum.

5. The Netherlands Government hereby waives all its claims against the United Kingdom Government for the dollar portion of any outstanding or further adjustments in charter hire with respect to the ships named in the June 5 Memorandum.

DONE at Washington, in triplicate, this twenty-eighth day of May, 1947.

For the Government of the United States of America:

WILLARD L. THORP

*Assistant Secretary of State for Economic Affairs*

For the Government of the United Kingdom of Great  
Britain and Northern Ireland

Represented by the Minister of Transport:

By F. V. CROSS

*Shipping Attaché*

*British Embassy at Washington*

For the Government of the Kingdom of the Netherlands:

CH. J. H. DAUBANTON

*Envoy Extraordinary and Minister Plenipotentiary  
of the Kingdom of the Netherlands  
at Washington*

## ANNEX A

MAY 23, 1947

MY DEAR MR. CROSS:

This is to confirm the conversations between representatives of the British Embassy and the State Department with regard to overpayment of charter hire on the ships named in the ensuing list. These ships, hereinafter referred to as the 7(c) ships, became known by that designation in 1945 from the application to them of Article 7(c) (second sentence) of the Agreement on Principles Having Reference to the Continuation of Coordinated Control of Merchant Shipping, dated August 5, 1944.<sup>1</sup> They are the following:

BLINJOE	KOTA BAROE	TASMAN
BLOEMFONTEIN	KOTA INTEN	TEGELBERG
BOISSEVAIN	MAETSUYCKER	THEDENS
BONTEKOE	MELCHIOR TREUB	TJISADANE
BOSCHFONTEIN	NOORDAM	TJITJALENGKA
BOTH	OPHIR	TOBA
BRASTAGI	PAHUD	VALENTIJN
GENERAAL MICHIELS	POELAU LAUT	VAN DEN BOSCH
GENERAAL VERSPYCK	RUYS	VAN DER LIJN
JAPARA	SLOTEDIJK	VAN HEUTSZ
KHOEN HOEA	SOMMELSDIJK	VAN OUTHOORN
KLIPFONTEIN	SWARTENHONDT	VAN SPILBERGEN
KOTA AGOENG	TABINTA	WELTEVREDEN

The circumstances of the overpayment of charter hire on these ships were as follows:

Pursuant to the "Memorandum of Arrangement Regarding Netherland East Indies Shipping, 5th June 1942." (known as the June 5 Memorandum), signed on behalf of the Netherlands Government and the British Minister of War Transport, the Netherlands Government chartered certain ships to the United Kingdom Government, with the provision that 80 percent of the stipulated charter hire should be paid by the United Kingdom Government to the Netherlands Government in dollars. The 7(c) ships were a part of the ships so chartered. By a collateral agreement (known as the Dollar Agreement), dated as of June 5, 1942, between the United Kingdom Government and this Government, this Government undertook to pay to the United Kingdom Government the amount of dollars required for the payment of the dollar charter hire due from the United Kingdom Government to the Netherlands Government under the June 5 Memorandum. Pursuant to these agreements dollar charter hire was paid by the United Kingdom Government to the Netherlands Government, and the United States Government reimbursed the United Kingdom Government in dollars for the dollar charter hire so paid. These arrangements applied not only to those of the chartered ships that were allocated to the United States Government but also to those which continued in service with the British Ministry of War Transport within the framework of the United Maritime Authority.

<sup>1</sup> TIAS 1722, *ante*, vol. 3, p. 891.

In 1945, more than three years after the effective date of these arrangements, the 7(c) ships were retroactively removed from them. The change was made by an exchange of notes between the Netherlands Embassy at London and the Foreign Office, dated June 9, 1945 and August 11, 1945, and by an exchange of notes between the Netherlands Embassy at Washington and the State Department, dated June 6, 1945 and July 31, 1945.<sup>2</sup>

Under the new arrangement the 7(c) ships were made available by the Netherlands Government at a nominal charter hire to either the United Kingdom Government or the United States Government. This arrangement was retroactive to specific dates on or about May 23, 1945, and from those dates, therefore, the United Kingdom Government had no obligation, with respect to these ships, to pay the charter hire stipulated in the June 5 Memorandum.

Nevertheless, between the specific dates on or about May 23, 1945 and the establishment of the new arrangement, and for a short time thereafter while negotiations were being conducted, the administrative machinery for the payment of charter hire under the June 5 Memorandum continued to function as before, with the result that, in addition to payments owing with respect to ships remaining under the June 5 Memorandum, overpayments of dollar charter hire for the period ending August 31, 1945 in the amount of \$1,487,056.95 (as shown by the statement certified by the Ministry of Transport dated October 25, 1946) were made by the United Kingdom Government to the Netherlands Government with respect to the 7(c) ships and this same amount of dollars was paid under the Dollar Agreement by the United States Government to the United Kingdom Government with respect to the 7(c) ships.

These overpayments became in due course the subject of discussion among the three Governments concerned, and it has been understood that the United Kingdom Government would ask for repayment by the Netherlands Government of the amount overpaid by the United Kingdom Government to the Netherlands Government, and the United Kingdom Government would in turn repay to the United States Government the amount overpaid by the United States Government to the United Kingdom Government. We understand that the United Kingdom Government has in fact asked the Netherlands Government for the repayment expected from the Netherlands Government.

As you know from discussions which we have had with you of matters of common concern to the three Governments, the United States Government and the Netherlands Government are now negotiating an overall settlement of lend-lease and other war accounts. Because of undertakings which the Netherlands Government is prepared to give to the United States Government as part of this settlement, the United States Government desires to

<sup>2</sup> Not printed.

submit to your Government the following proposals with respect to the overpayment of charter hire arising by reason of the removal of the 7(c) ships from the operation of the June 5 Memorandum during the 7(c) period (which in each case commenced on a specific date on or about May 23, 1945 and ended on the date of redelivery to the Netherlands Government or March 2, 1946, whichever was the earlier) :

(1) The United States Government will waive all its claims against the United Kingdom Government for overpayments so arising under the Dollar Agreement.

(2) The United Kingdom Government will waive all its claims against the Netherlands Government for dollar overpayments of charter hire so arising under the June 5 Memorandum.

If this course is acceptable to your Government, we shall be glad to arrange with you for the necessary waivers, to be delivered concurrently with the signing of the overall lend-lease settlement with the Netherlands Government.

Sincerely yours,

NORMAN T. NESS  
*Director, Office of Financial  
and Development Policy*

Mr. F. V. CROSS  
*Shipping Attaché  
British Embassy  
Washington 8, D.C.*

ANNEX B

BRITISH EMBASSY  
WASHINGTON 8, D.C.  
*May 23rd, 1947*

MY DEAR MR. NESS:

This is in reply to your letter of May 23rd, 1947, about overpayment of charter hire arising by reason of the removal of the 7(c) ships from the operation of the June 5th Memorandum during the 7(c) period. I am instructed to confirm that the course proposed in your letter is acceptable.

Sincerely yours,

F. V. CROSS  
*Shipping Attaché*

Mr. NORMAN T. NESS,  
*Department of State,  
Room 1235, 1818 "H" Street,  
Washington, D.C.*

## ANNEX C

HA-5432

MAY 23, 1947

Mr. F. V. CROSS  
*Shipping Attaché*  
*British Embassy*  
*Washington 8, D.C.*

Mr. NORMAN T. NESS, *Director*  
*Office of Financial and Development Policy*  
*Department of State,*  
*Washington 25, D.C.*

DEAR SIRs:

In view of the terms of the proposed agreement between the Netherlands Government and the United States Government for the settlement of lend-lease and other war accounts, and in view of the proposed waiver by the United Kingdom Government of its claim against the Netherlands Government for dollar overpayments of charter hire on the so-called 7(c) ships under the "Memorandum of Arrangement Regarding Netherland East Indies Shipping. 5th June 1942.", the Netherlands Government, upon the signing of the proposed settlement agreement with the United States Government, and upon receipt of the proposed waiver by the United Kingdom Government of its claim for such dollar overpayments of charter hire, will deliver a waiver to the United Kingdom Government of the claim of the Netherlands Government for the dollar portion of any outstanding or further adjustments in charter hire with respect to the ships named in the June 5 Memorandum. The dollar portion of such adjustments in charter hire is now estimated at \$120,000 to \$140,000.

Sincerely yours,

CH. J. H. DAUBANTON  
*Minister Plenipotentiary*

## ANNEX D

MAY 23, 1947

MY DEAR MR. DAUBANTON:

This is in reply to your letter of May 23, 1947 addressed to Mr. F. V. Cross, British Shipping Attaché, and to me with regard to a proposed waiver by the Netherlands Government of its claim for the dollar portion of any outstanding or further adjustments in charter hire with respect to the ships named in the memorandum of June 5, 1942 to which you refer. As you

know, the necessary arrangements in this connection are now being made by representatives of your Embassy, the British Embassy, and the State Department.

Sincerely yours,

NORMAN T. NESS  
*Director, Office of Financial  
and Development Policy*

Mr. CH. J. H. DAUBANTON,  
*Minister Plenipotentiary,  
Netherlands Embassy,  
Washington 9, D.C.*

ANNEX E

BRITISH EMBASSY  
WASHINGTON 8, D.C.  
*May 23rd, 1947*

MY DEAR MR. DAUBANTON:

This is in reply to your letter of May 23rd, 1947, addressed to Mr. Ness and to me with regard to a proposed waiver by the Netherlands Government of its claim for the dollar portion of any outstanding or further adjustments in charter hire with respect to the ships named in the memorandum of June 5th, 1942, to which you refer. As you know, the necessary arrangements in this connection are now being made by representatives of your Embassy, the State Department and the British Embassy.

Sincerely yours,

F. V. CROSS  
*Shipping Attaché*

Mr. CH. J. H. DAUBANTON,  
*Minister Plenipotentiary,  
Netherlands Embassy,  
Washington 9, D.C.*